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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999

First report of the Advisory Committee on Administrative and Budgetary Questions*

Part X. Jointly financed administrative activities and special expenses

X.1. The Secretary-General's estimate for part X, Jointly financed administrative activities and special expenses, amounts to $59,949,600, comprising $6,228,800 for jointly financed administrative activities (section 29) and $53,720,800 for special expenses (section 30).

Section 29. Jointly financed administrative activities

X.2. Provisions under this section are requested for six bodies of the United Nations financed on an inter-agency basis:

(a) The International Civil Service Commission (ICSC) and its secretariat;

(b) The Joint Inspection Unit and its secretariat;

(c) The United Nations share in the budget of the secretariats of subsidiary bodies of the Administrative Committee on Coordination: the

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* The present document contains part X of chapter II of the first report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 1998-1999. Chapter I has been issued as Official Records of the General Assembly, Fifty-second Session, Supplement No. 7 (A/52/7). The complete first report will be issued as Official Records of the General Assembly, Fifty-second Session, Supplement No. 7 (A/52/7/Rev.1).

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Information Systems Coordination Committee, the Consultative Committee on Administrative Questions and the Consultative Committee on Programme and Operational Questions;

(d) The International Computing Centre.

X.3. The Advisory Committee was provided with the following table, which contains the indicative shares of participating organizations in the costs of jointly financed bodies for 1996-1997 which are reviewed by the Administrative Committee on Coordination. Under the formula utilized, the cost of ICSC and the secretariats of the Consultative Committee on Administrative Questions and ISCC are apportioned each biennium on the basis of the number of staff with fixed-term or longer contracts at the close of the preceding biennium. The costs of the Joint Inspection Unit and the secretariat of the Consultative Committee on Programme and Operational Questions are apportioned on the basis of expenditure, excluding that related to peacekeeping, expenditures in-kind and 50 per cent of the expenditure of the International Trade Centre corresponding to the World Trade Organization's share.

Percentage shares of participating organizations in the costs of jointly financed bodies in 1996-1997

	International Civil Service Commission[a]	Joint Inspection Unit	Consultative Committee on Programme and Operational Questions	Consultative Committee on Administrative Questions[a]	Information Systems Coordination Committee[a]
United Nations[b]	28.69	20.93	20.93	28.69	27.37
United Nations Relief and Works Agency for Palestine Refugees in the Near East[c]	0.26	2.69	2.69	0.26	0.25
Office of the United Nations High Commissioner for Refugees[c]	6.52	12.42	12.42	6.52	6.22
United Nations Children's Fund	8.46	11.07	11.07	8.46	8.07
United Nations Development Programme	9.76	8.91	8.91	9.76	9.31
United Nations Population Fund	1.34	2.64	2.64	1.34	1.28
World Food Programme	2.75	7.20	7.20	2.75	2.62
International Labour Organization	5.22	3.92	3.92	5.22	4.98
Food and Agriculture Organization of the United Nations	9.25	6.77	6.77	9.25	8.82
United Nations Educational, Scientific and Cultural Organization	4.74	3.58	3.58	4.74	4.52
International Civil Aviation Organization	1.63	1.10	1.10	1.63	1.56
World Health Organization	9.64	8.50	8.50	9.64	9.20

	International Civil Service Commission[a]	Joint Inspection Unit	Consultative Committee on Programme and Operational Questions	Consultative Committee on Administrative Questions[a]	Information Systems Coordination Committee[a]
International Monetary Fund	-	-	-	-	4.58
Universal Postal Union	0.34	0.32	0.32	0.34	0.33
International Telecommunication Union	1.42	1.60	1.60	1.42	1.36
World Meteorological Organization	0.59	0.74	0.74	0.59	0.57
International Maritime Organization	0.59	0.40	0.40	0.59	0.56
World Intellectual Property Organization	0.90	1.02	1.02	0.90	0.86
International Fund for Agricultural Development	0.58	-	-	0.58	0.55
United Nations Industrial Development Organization	2.83	2.37	2.37	2.83	2.70
International Atomic Energy Agency	3.70	3.79	3.79	3.70	3.53
World Trade Organization	0.80	-	-	0.80	0.76

[a] Shares for ICSC, the Consultative Committee on Administrative Questions and the Information Systems Coordination Committee are provisional, based on end-1994 staff data, and are subject to change when end-1995 data become available.

[b] United Nations figures include ICSC, the International Court of Justice, the United Nations University, the International Trade Centre and the United Nations Institute for Training and Research.

[c] Figures have previously been included in United Nations totals. The share hitherto attributed to the United Nations is to be apportioned between the United Nations and the Office of the United Nations High Commissioner for Refugees and the United Nations Relief and Works Agency for Palestine Refugees in the Near East in a manner to be determined among them.

X.4. The Advisory Committee notes that, in previous presentations, the total resources for ICSC and the Joint Inspection Unit were requested under the present section on a gross basis and that reimbursement from other participating organizations was credited under income section 2. In respect of the three secretariats of the Administrative Committee on Coordination and the International Computing Centre, only the United Nations share of the total budget estimates was requested under section 29. However, in the current presentation, contained in the proposed programme budget for the biennium 1998-1999 (sect. 29), this concept has been extended to ICSC and the Joint Inspection Unit, as only the United Nations shares have been requested for appropriation even though the full budgets are shown.

X.5. The Advisory Committee, in its report on the proposed programme budget outline (A/51/720, para. 7), while indicating that it had been informed that the change in presentation would not affect the way in which resources for those

entities were administered, recommended that the Secretary-General seek approval, prior to submission of the proposed programme budget, by way of a policy paper detailing implications, if any, with respect to the statutes of these entities. This has not been done.

X.6. The Advisory Committee was informed by the Secretariat that current procedures would not be changed. It believes, however, that the proper arguments for a change in the budget methodology should have been presented. Furthermore, the Committee was informed that the Secretariat would allot the full amount of the approved budgets of ICSC and the Joint Inspection Unit while awaiting receipt of funds from the participating agencies. The Committee questioned the basis for committing funds that may not have been received and requested information on the timing of collections from the agencies for the 1994-1995 and 1996-1997 budgets. The Committee was informed that for 1998-1999 the Programme Planning and Budget Division would request the Accounts Division to revert to the previous system of billing, whereby the organizations would be billed initially on the basis of the approved budgets of those activities, and adjustments would be made on the basis of actual expenditures. The comments and recommendations of the Committee on net budgeting are contained in paragraphs 43 to 45 of chapter I.

A. International Civil Service Commission

X.7. The Advisory Committee notes from table 29.4 that ICSC expenditures for the biennium 1998-1999 are estimated at $10,919,200 before recosting, showing a resource reduction of $179,800 as compared with appropriations for 1996-1997. The proposed number of established regular posts at ICSC is 44 (20 Professional and 24 General Service posts), reflecting the reduction of one P-3 and one General Service post. The Committee was informed upon enquiry that, as at May 1997, there were six vacancies at ICSC (5 Professional and one General Service post).

X.8. A resource growth of 47.3 per cent over 1996-1997 appropriations is shown for contractual services, from $17,100 to $25,200 before recosting. In this connection, the Committee notes that $10,800 is included for training of staff in computer software, which is normally done on-site, and for specialized courses in human resources development and salary administration, among others, at universities and other institutions, which are important for maintaining the technical expertise of the staff.

X.9. As indicated in paragraph 29.32 of the proposed programme budget, the United Nations share in the total budget of ICSC, using 1996-1997 rates, would be 28.73 per cent of the full amount, hence $3,137,100.

B. Joint Inspection Unit

X.10. Table 29.7 of the proposed programme budget for the Joint Inspection Unit shows that the estimate for 1998-1999 amounts to $9,153,200 before recosting, reflecting a $190,000 resource reduction when compared to the 1996-1997 appropriations.

X.11. The Advisory Committee notes from table 29.8 that the proposed number of established regular posts for the Joint Inspection Unit is 19 (10 Professional and 9 General Service posts). This includes the establishment of three posts at the Professional level - a P-4 research officer, a P-2 associate research

officer and a P-3 information technology officer - to help develop the information and documentation capacity of the Unit. This increase is to be offset, as indicated in paragraph 29.41 of the budget estimates, by the abolition of two posts: a P-5 senior research officer and a General Service management analysis assistant. The Committee was informed that as at May 1997 there were no vacancies at the Joint Inspection Unit. The Committee recommends acceptance of this proposal.

X.12. The Advisory Committee notes a resource growth of $22,300 compared to 1996-1997 appropriations for general operating expenses. The Committee was informed this resulted from higher requirements under communications. Previous appropriations had proven insufficient even though the Unit has introduced and applied internal controls in Geneva and New York. This increase in communication requirements, along with the net increase of one post, is met by reductions in estimates for travel, temporary assistance and consultants.

X.13. The Advisory Committee, in its previous report for the biennium 1996-1997,[1] and the General Assembly, in paragraph 62 of part III of its resolution 50/214 of 23 December 1995, requested the Joint Inspection Unit to review its practice of allocating travel funds so as to ensure their most efficient use. The Committee notes, as indicated in paragraph 29.40 of the proposed programme budget, that the Unit established a new system of allocating travel funds in accordance with specific studies and activities related to the implementation of its approved programme of work. The Committee also notes, however, that the allocation among categories contained in paragraph 29.40 is indicative only, since once the work plan is finalized, on an annual basis, the travel requirements are allocated among the specific needs. The Committee was further informed that travel expenditure had been streamlined through a combination of modalities, such as travel for more than one report, for presentation of one report and preparation of others and an increase in the use of telecommunications facilities and on-line links to information sources as a partial alternative to travel.

X.14. Requirements for general temporary assistance have been reduced by 50 per cent, to $28,900. The estimate for consultants and experts, which is to cover the provision of special technical advice to the Inspectors, has been reduced by 66 per cent to $14,500. As for the provision of $10,800 for specialized training for the staff of the Unit as indicated in paragraph 29.43 of the proposed programme budget, the Committee notes that although resources are requested under the Unit, the programme is administered by the Office of Human Resources Management.

X.15. As indicated in paragraph 29.47 of the proposed programme budget, the United Nations share in the total budget of the Unit, using 1996-1997 rates, would be 20.93 per cent, or $1,915,800.

C. Information Systems Coordination Committee

X.16. The Advisory Committee notes from paragraphs 29.50 and 29.51 of the proposed programme budget that the Information Systems Coordination Committee proposals were reviewed by the Consultative Committee on Administrative Questions in February 1997. The total budget of the Information Systems Coordination Committee for 1998-1999 amounts to $1,537,100 before recosting and, based on the 1996-1997 agreed cost-sharing formula, the United Nations share amounts to 27.40 per cent, or $421,200. The provision of staff resources covers one D-1 post for the Secretary of the Committee and one General Service post.

D. Consultative Committee on Administrative Questions

X.17. The proposed budget for the Consultative Committee on Administrative Questions for 1998-1999, reviewed by that Committee in February 1997, amounts to $1,585,800 before recosting. The United Nations share, at the 1996-1997 rates, amounts to 28.73 per cent, or $455,600. The provision for staff resources covers two D-1, one P-5 and two General Service posts. A third existing General Service post is to be abolished for the coming biennium.

E. Consultative Committee on Programme and Operational Questions

X.18. Resources requested for the Consultative Committee on Programme and Operational Questions for 1998-1999 amount to $947,600 before recosting. Staff resources include two Professional posts (one D-1 and one P-4/3) and one General Service post. The Committee notes, as indicated in paragraph 29.91 of the proposed programme budget that the United Nations share amounts to 20.93 per cent of the total, or $198,300.

F. International Computing Centre

X.19. Resource requirements for the International Computing Centre for 1998-1999 are estimated at $9,661,000. As shown in table 29.20 of the proposed programme budget, estimated expenditures for 1996-1997 amount to $5,961,500. As indicated in paragraph 29.97, the United Nations ceased to operate its mainframe facility in New York and started using the Centre's facilities in Geneva as at April 1997. This accounts for most of the increase in resource requirements. The United Nations share of the costs for the services of the Centre is estimated at $2.6 million for the coming biennium.

Section 30. Special expenses

X.20. The Secretary-General's estimate for section 30, Special expenses, for 1998-1999 amounts to $47,433,700 before recosting, reflecting a resource growth of $6,083,300 compared with appropriations for 1996-1997. The Advisory Committee notes that the increase is mostly attributable to bank charges, pension payments to former Secretaries-General and after-service health insurance.

X.21. As shown in table 30.3 of the proposed programme budget, it is estimated that after-service health insurance will increase from $36,781,900 in 1996-1997 to $41,878,200 for 1998-1999, before recosting. The Advisory Committee notes, as indicated in paragraph 30.6, that this requirement is based on an anticipated 7 per cent annual increase in membership in the programme for the coming biennium and the assumption that 89.8 per cent of the total subsidy is attributable to the regular budget and 10.2 per cent to extrabudgetary accounts. Furthermore, the Committee was informed upon enquiry that various factors had been taken into consideration in preparing those estimates: lower mortality rates, advances in medical technology, the growth in medical delivery costs at Headquarters and overseas, and so on. To illustrate this trend, the Committee was informed that at the end of 1996 there were 3,560 participants in the programme at Headquarters; 3,988 are estimated for 1997, 4,285 for 1998 and 4,581 for 1999.

X.22. In its resolution 38/235 of 20 December 1983, the General Assembly established a maximum cost-sharing ratio of 2 to 1 between the Organization and the participants in the health insurance programme. Accordingly, the organizational subsidy applied to health insurance plans for Headquarters staff and retirees residing in the United States was set at 66.7 per cent of the total premium cost of the plans concerned. The Committee was further informed that prior to the adoption of this arrangement, the sharing ratio had been 50/50 at Headquarters and other duty stations. The ratio continues to be 50/50 at non-Headquarters duty stations.

X.23. In response to further queries regarding cost-containment measures, the Committee was informed that as at 1 July 1997, the Organization would no longer offer a pure indemnity plan but rather two health maintenance organizations and two preferred-provider organization plans. Retirees would have access to a preferred-provider organization structure under which participants receive medical treatment from a network of physicians and other providers contracted by the insurer to accept a schedule of negotiated fees for services lower than the traditional fee-for-service charges. The result should decrease overall medical insurance costs by 14 per cent.

X.24. In its first report on the programme budget for 1996-1997,[2] the Advisory Committee noted that at the time an actuarial study was being carried out to assess the future viability of the health insurance scheme. Furthermore, the Board of Auditors, in the financial report and audited financial statements for the biennium ended 31 December 1995 and report of the Board of Auditors,[3] indicated that, on the basis of that study, the Organization's liability as at 1 January 1995 for after-service health insurance benefits covering all participants, regardless of funding source, stood at $1,062,456,000.

X.25. In view of the above, the Advisory Committee recommends that the long-term implications and impact of this growth upon the Organization should be addressed, on a system-wide basis, in a report by the Secretary-General, along with practical indications of how the Secretariat intends to address the issue.

X.26. Regarding pension payments to former Secretaries-General, the Advisory Committee notes from table 30.10 of the proposed programme budget that estimated requirements have increased from $420,500 during 1996-1997 to $624,000 for 1998-1999 before recosting.

X.27. The Advisory Committee recalls that in its first report on the programme budget for the biennium 1996-1997,[4] it had requested the Secretary-General to take the necessary steps to secure reduced bank charges, in view of the considerable level of United Nations funds handled by the banks in question. The Committee also notes, as shown in table 30.6 of the proposed programme budget for 1998-1999, that requirements for the coming biennium are estimated at $1,084,100 before recosting - an increase of 531 per cent over 1996-1997 appropriations.

X.28. In this regard, the Advisory Committee was informed that the Organization had established a new cash concentration system banking arrangement after an extensive competitive bidding exercise launched in 1994. The previous arrangement, as indicated in paragraph 30.13, while charging artificially low banking fees also provided sub-market rates of interest. However, the Committee was informed that, under the new arrangement, any balance left at the end of the day in a cash concentration sub-account automatically earns an institutional rate of interest. Market rates of interest are earned on all balances in each of the 158 sub-accounts. As at 31 December 1996, 549 bank accounts, including

the 158 sub-accounts of the cash concentration system, have been maintained at 172 financial institutions. For the biennium 1998-1999, the Secretariat estimates that banking charges for the regular budget will be partially offset by $640,000 in interest to be earned through this system. In this connection, the Committee was informed that if Member States were to pay their assessments in full and on time, the amount of interest earned could be increased by $25 million per year.

Notes

[1] Official Records of the General Assembly, Fiftieth Session, Supplement No. 7 and corrigendum (A/50/7 and Corr.1), para. IX.9.

[2] Ibid., para. IX.17.

[3] Official Records of the General Assembly, Fifty-first Session, Supplement No. 5 (A/51/5), note 22.

[4] Official Records of the General Assembly, Fiftieth Session, Supplement No. 7 and corrigendum (A/50/7 and Corr.1), para. IX.20.